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LEBANON

Lebanese politicians, spurred on by the Syrians, engaged in another round of political discussions in Damascus and Beirut over the weekend on how to replace President Franjiah and form a new government.

Prime Minister Karami led a delegation to Damascus on Saturday for talks with President Asad and other Syrian leaders. Earlier, the Syrians met at length with still another Phalangist delegation. The Syrians have refrained from commenting on the talks but Karami and a Phalangist spokesman expressed optimism that a solution might be reached soon. Socialist leader Jumblatt, the only prominent politician who continues to balk at the Syrian peace initiative, has yet to comment, however, on the latest round of talks.

There is no information to confirm that any agreement has been reached, but yesterday's intensive round of talks among Lebanese and Palestinian leaders indicates that some sort of Syrian-brokered plan is being considered.

Fighting in Beirut, meanwhile, threatens to grow more intense following the ouster yesterday by leftist Muslim forces of Phalangist militiamen holding the city's gutted Holiday Inn. In radio broadcasts, the Phalangists have not conceded the loss of the building—the last major Phalangist stronghold in the long embattled Beirut hotel district—and have told US embassy officials that they plan to bring heavier weapons into the battle. Fighting also continued in the mountains east of Beirut, centered in the Christian village of Al Kahhalah and the Druze village of Alayh which is held by Jumblatt followers.

Unconfirmed press reports claim that Syrian forces, wearing uniforms of the Palestine Liberation Army, arrived Saturday at Marj Uyun in southern Lebanon equipped with artillery. Some of the large number of trucks reportedly continued east toward Sidon. If true, this would be the first time substantial numbers of Syrian troops have moved this close to Israel's border with Lebanon. A US embassy officer in Beirut heard an Israeli radio broadcast state that the troops are Syrian.



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FRANCE

French President Giscard's political and policy judgments are being seriously questioned in the wake of the left opposition's major gains in the recent local elections and the withdrawal of the franc from the joint European float.

The latest opinion poll shows that no more than half those questioned believe Giscard to be "capable of dealing with a crisis"—a drop of 6 percentage points since last month.

The left opposition parties and the French press are pointing to Giscard's decision on Sunday to withdraw the franc from the joint float—having rejoined it only last July against the counsel of his own advisers—as an indication of his general failure to deal decisively with the nation's economic problems. Giscard's capacities have been questioned particularly severely in this instance not only because finance is his area of expertise, but also because a desire for the return of economic prosperity is virtually a national obsession.

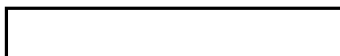
Compounding Giscard's troubles is the discord within the governing coalition over losses to the left in the recent cantonal elections.

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In an effort to regain the political initiative, the President has authorized the appointment to the Prime Minister's staff of Pierre Juillet, a political adviser to former president Pompidou, to manage the government's campaign in the period before municipal elections next year and the legislative race in 1978. Reports of Juillet's plans, however, suggest that he might be hoping to boost Prime Minister Chirac and the Gaullists, who lost most heavily in the cantonal elections, at Giscard's expense. Juillet, for example, wants Chirac to debate opposition leader Mitterrand on television in order to rally voter support for the government—and for the Prime Minister personally.

As the head of government, Chirac is entitled to take the lead in the government's campaign, but seeing himself as presidential material, he is unwilling to acquiesce in the absorption of the Gaullists into a "presidential majority" focused



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on Giscard. To distinguish himself and his party from the President, Chirac has allowed the Gaullist leadership to object publicly to Giscard's proposals for the direct election of delegates to the European Parliament.

While Chirac will probably pull the party back in line to support the President in a vote in the French parliament on the issue, he is clearly using it now to reassert the Gaullists' individuality. This show of independence may foreshadow other policy confrontations with the President, and there is no assurance that the Gaullists will always fall back in line before some of Giscard's favorite programs are modified or scuttled.

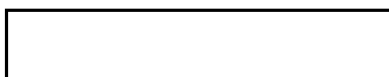


THAILAND

The Thai government announced on March 20 that the US must withdraw its residual forces from Thailand within four months. Moreover, operations at the facilities currently manned by US troops were ordered stopped by noon last Saturday. The US Military Assistance Group was not included in the withdrawal order.

Demonstrations—both for and against the US military presence—continued yesterday. One or two bombs reportedly were thrown into the leftists' ranks, wounding several of the demonstrators. Considering the polarization between leftists and rightists on this and other issues, more serious confrontations could erupt, but police and military units are prepared to handle such events. The apathy that has so far characterized the general public's attitude toward the US issue indicates, however, that no widespread disturbance will occur.

The announcement probably angered the military, most of whom desired a continued US presence, but the retention of the assistance group could mollify them somewhat. There are no indications that the military plans any overt action to protest the withdrawal, unless provided an excuse by violent demonstrators. They will, however, view the government's action as another example of its inability to resist the demands of the left.



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PORTUGAL

The determination of Portuguese military leaders not to allow the current wave of strikes to disrupt the election campaign could face a severe test today when some 500,000 civil construction workers are expected to take part in a nationwide walkout.

Forceful action by the government earlier prevented a work slowdown by the country's nurses from developing into a full-fledged strike. The nurses were threatened with conscription into the armed forces and hospital administrators with suspension and arrest before the strike action was finally broken.

The government has done little, however, to deal with disgruntled taxi drivers who have been blocking government offices for several days or with municipal workers in Porto, Portugal's second largest city, who are threatening to leave the city without gas and electricity on Tuesday unless the government drops its plans to cut their salaries.

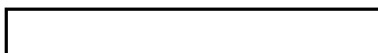
Workers' demands have focused on the need for increased wages and improved work conditions and, for the most part, the strikers have avoided the kind of political confrontation that brought the Portuguese government to a halt last fall. Nonetheless, some members of the Revolutionary Council view the strikes as a Communist plan to foster sufficient labor unrest to force the government to declare a state of siege and postpone the legislative elections scheduled for April 25.

While the Communists may indeed be behind the walkouts, this would represent a marked shift in the party's policy in recent months of maintaining a low profile in labor disputes.

Last week the Communist-leaning *O Diario* even warned that the threatened nurses' strike could have unforeseeable consequences and possibly lead to class divisions. The paper added that the unpopularity of the strike could be used by the government to justify repressions.

The pro-Communist construction workers' strike today may help clarify the Communists' intentions. Last November, the construction workers were mobilized into a potent anti-government force and succeeded in holding Prime Minister Azevedo a virtual prisoner for two days until their wage demands were settled.

A possible indication of just how seriously the government is taking this developing challenge to its authority was the cancellation last Thursday of Foreign Minister Melo Antunes' scheduled visit to Sweden next week. The Swedes claim that the visit was canceled because the Revolutionary Council fears efforts will be made to disrupt the elections.



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CAMBODIA

Phnom Penh has moved quickly to formalize its new governmental structure under the constitution announced in January. Communist authorities on March 20 staged "nationwide" elections—the first since the Communists assumed power last April—to elect representatives to the 250-member national legislative assembly.

The election was probably carefully orchestrated by Phnom Penh in an effort to enhance its international image and to give the appearance of stability. There have been claims that people on all levels have been participating since February 4 in selecting candidates, but information obtained from recent refugees indicates that there was little or no preparation or participation at the grass-roots level.

While legislative power will ostensibly rest with the newly elected assembly, the Khmer Communist Party Central Committee will undoubtedly maintain its position of primacy in formulating all government policy. Appointments to the state presidium, which will be responsible for the country's representational functions, have yet to be announced but are likely to include Prime Minister Penn Nouth and deputy prime ministers Khieu Samphan and Ieng Sary. Although the new constitution makes no provision for Sihanouk's position as "nominal head of state," the Prince will likely continue his representational duties. According to press reports, he did participate in election activities in the capital and was apparently elected to the assembly as a Phnom Penh representative.

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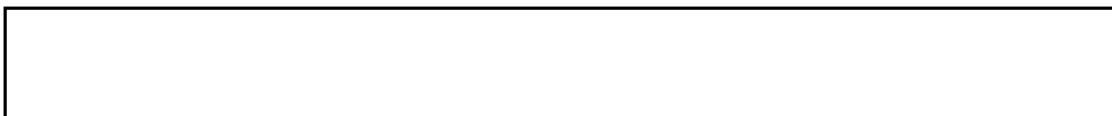


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EGYPT

President Sadat now appears to have completed the process of distancing himself from his former close adviser, Ashraf Marwan. Cairo radio announced yesterday that Marwan had been "loaned" to the Arab Industrialization Organization, an arms production outfit that has been involved in arms purchasing for Egypt.

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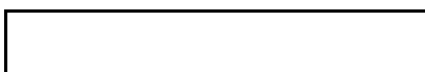


This shift merely formalizes a situation that had existed for several months. Marwan has a widespread reputation [redacted] that has made him a political liability for Sadat, and the President has been gradually easing him out of his advisory functions for some time.

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Marwan has concentrated almost solely on arms purchasing activities and has apparently long anticipated that he would formally relinquish his title as presidential adviser.

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